

The state of school finance in Wisconsin

Understanding state-level school finance policy

CESA 2 Delegate Convention

June 16, 2026

WASBO: Who we are and what we do



Mission

To provide professional development, foster a network of support, and **advocate** for funding that **ensures outstanding educational opportunities for all children in Wisconsin**

We carry out the advocacy part of our mission through **nonpartisan, fact-based** research, analysis, and outreach

Opening questions:

Why are so many school districts going to referendum?

And to what extent is declining enrollment the reason?



Total operating questions for 2024: 148
131 school districts | 65% passed
far exceeds previous record of 92 in 2022

\$1.43 billion requested | \$1.09 billion approved

More than 82% of school districts in the state have called for a referendum since revenue limits were established in 1994.

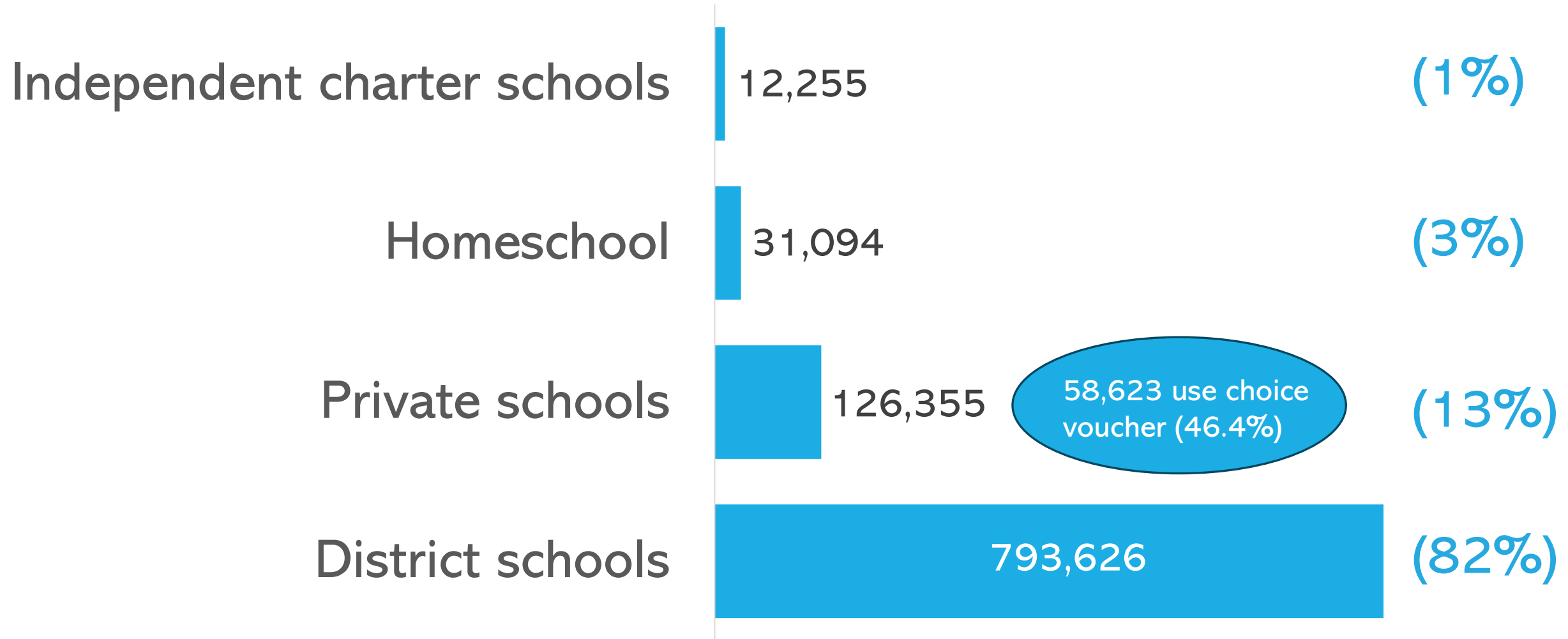
“Is it good public policy to fund a significant portion of school revenues by referendum?” It is unlikely that the creators of the revenue limit law anticipated such widespread use of the referendum option.”

[Forward Analytics](#)

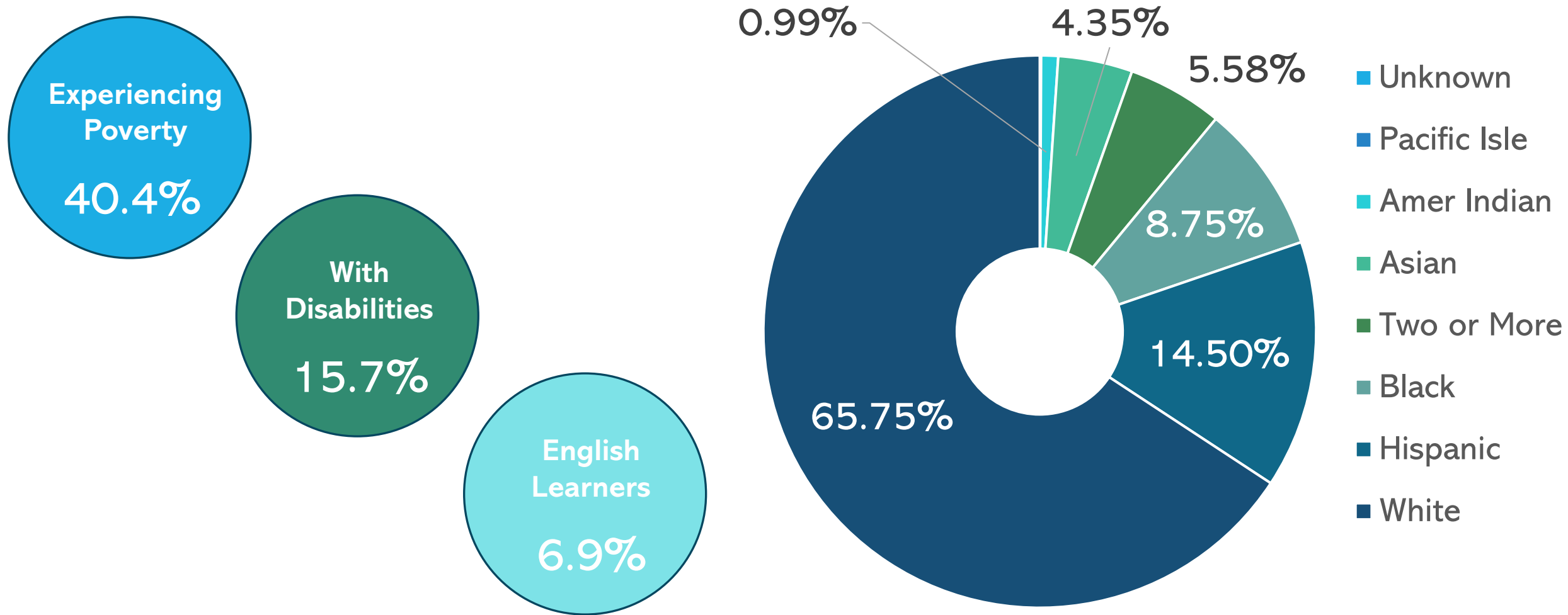


They “why” of school finance: Students
Where are Wisconsin students and how are they doing?

Enrollment by school type (2024-25)



Public school student demographics (2024-25)



How are our kids doing?

91% high school graduation rate (2023-24)

2024 NAEP

Wisconsin students rank **at or above national average:**

- 2nd in nation in 8th grade math (37% proficient)
- On par with national average:
 - 4th grade math (42%)
 - 4th and 8th grade reading (31%)

Among states with largest black-white achievement gaps in nation in math and reading

Forward Exam: ~50% of students score at grade-level expectations in math and reading. **Let's dig a little deeper...**

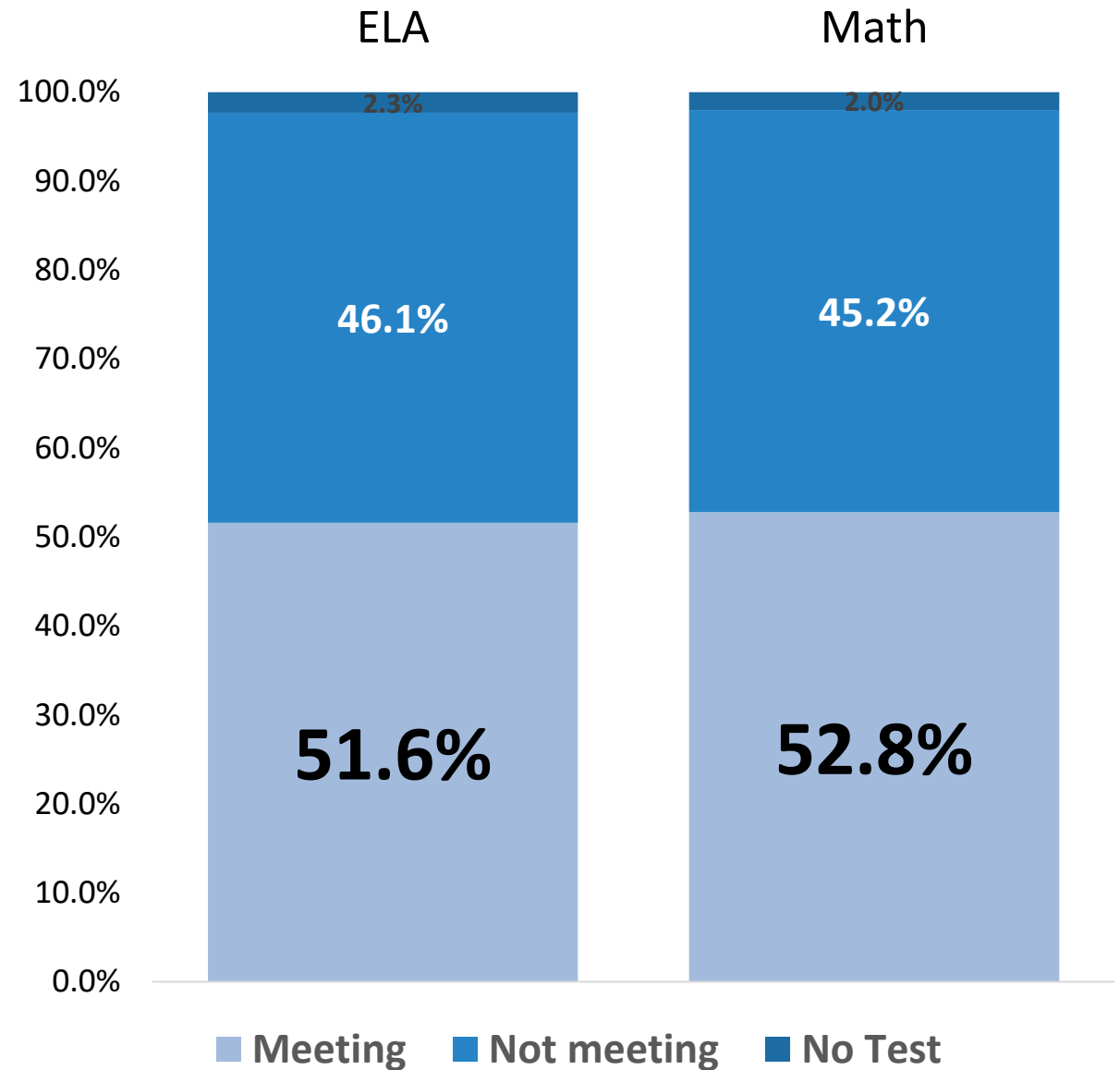


How are our kids doing?

2024-25 Forward Exam

**Percent meeting
grade-level
expectations**

All students

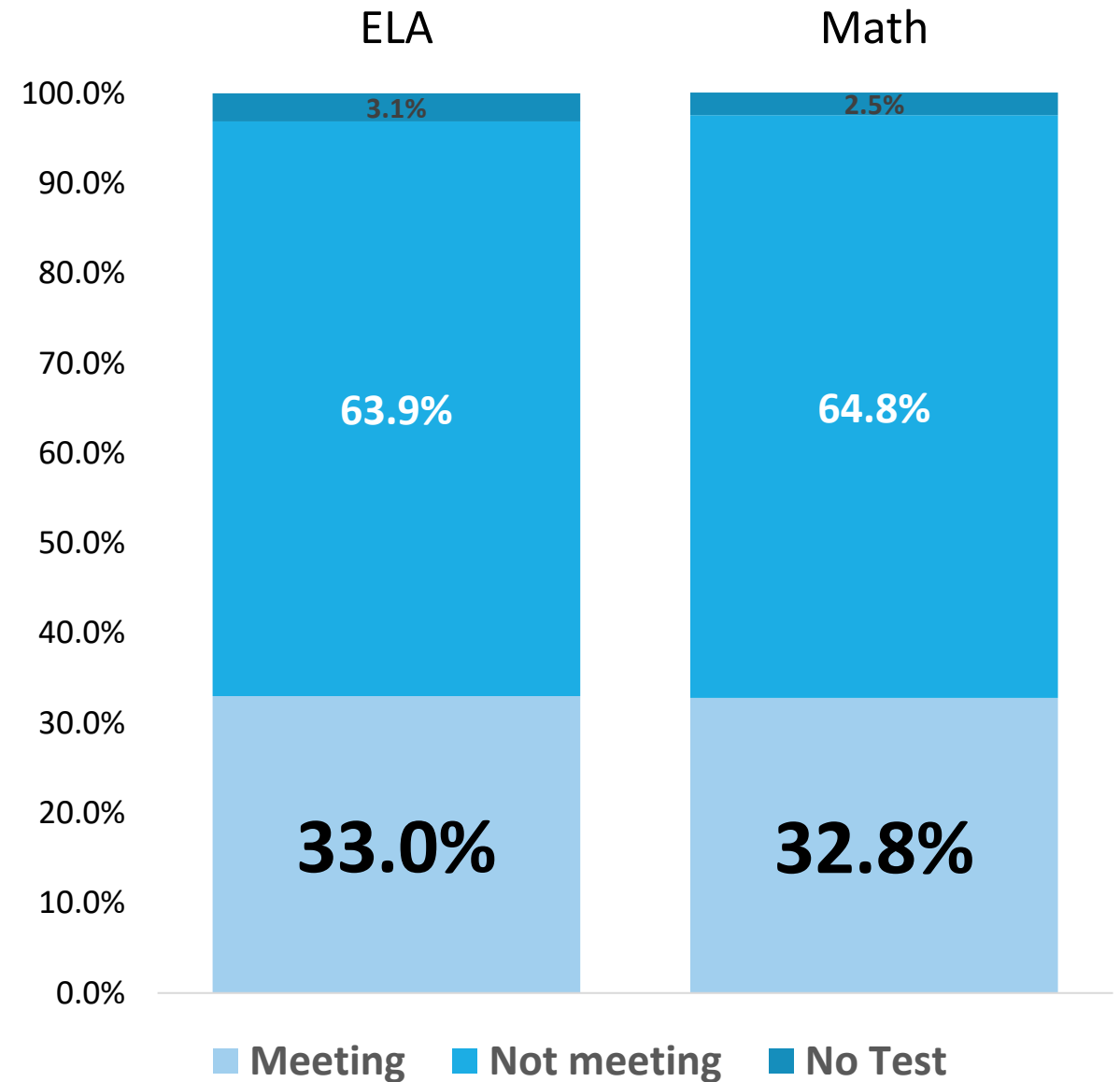


How are our kids doing?

2024-25 Forward Exam

**Percent meeting
grade-level
expectations**

**Economically
Disadvantaged
Students**

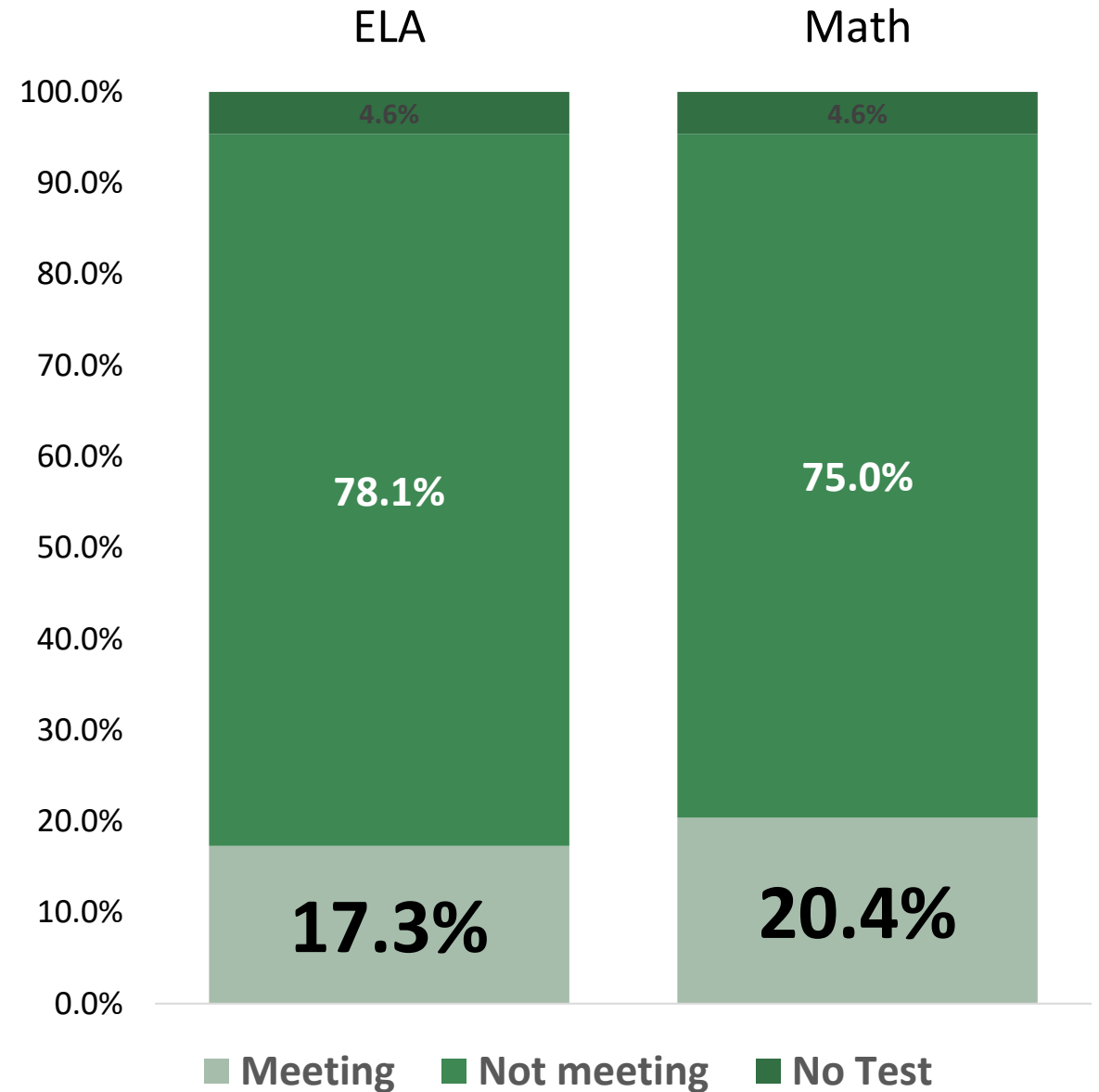


How are our kids doing?

2024-25 Forward Exam

**Percent meeting
grade-level
expectations**

**Students with
Disabilities**

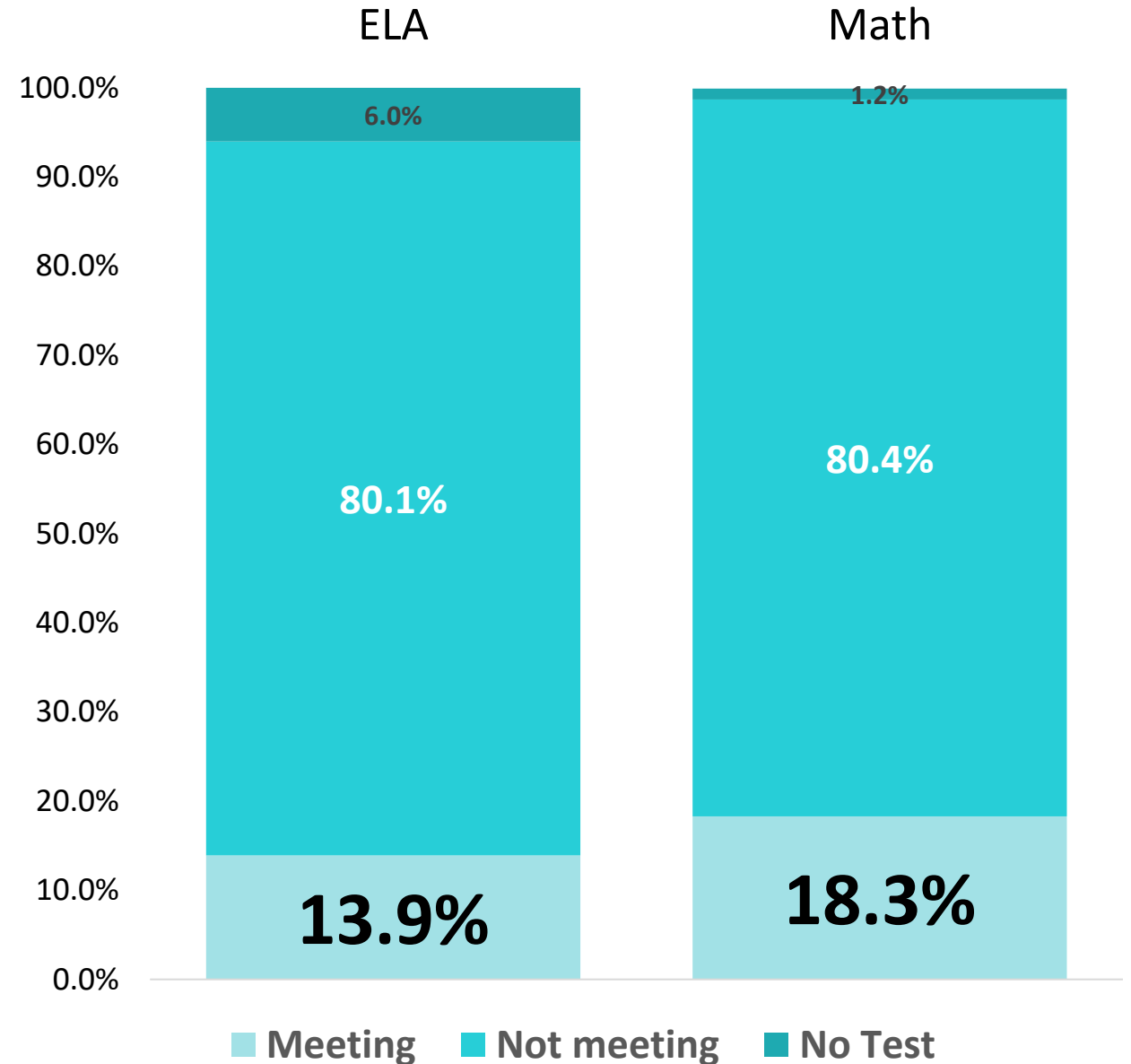


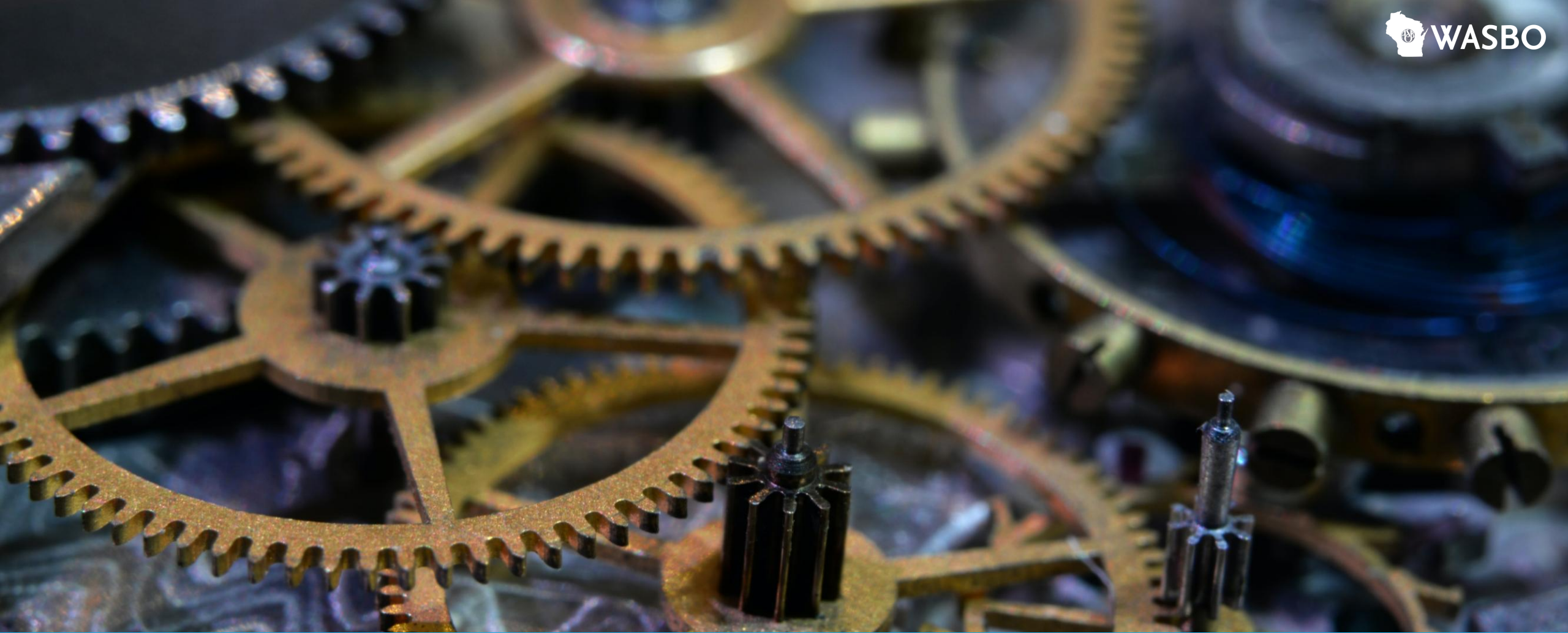
How are our kids doing?

2024-25 Forward Exam

**Percent meeting
grade-level
expectations**

English Learners





How school funding works

Key mechanics of Wisconsin school finance policy

Vast majority of school funding comes from the revenue limit

Backbone of school finance in Wisconsin:

Revenue limit

State policy limits ON A PER PUPIL BASIS how much money school districts get from general state aid and property taxes combined



$$[\text{Revenue limit}] - [\text{General aid}] = \text{Property taxes}$$

Equalization aid

Main state portion of the revenue limit

Provided through formula based on property wealth per pupil (in district)

Purpose: Equalize fiscal capacity of school districts

Impact: Provide property tax relief – NOT revenues for schools



Equalization aid is different for every district – based on:

- Property wealth
- Aidable costs (spending)
- Membership (enrollment)



Equalization aid is not based on:

- Student need
- Cost of education in a given district
- Income-level of students' families

2025-27 State Budget Equalization aid

NO INCREASE in equalization aid

- Governor's request: \$1.19 billion

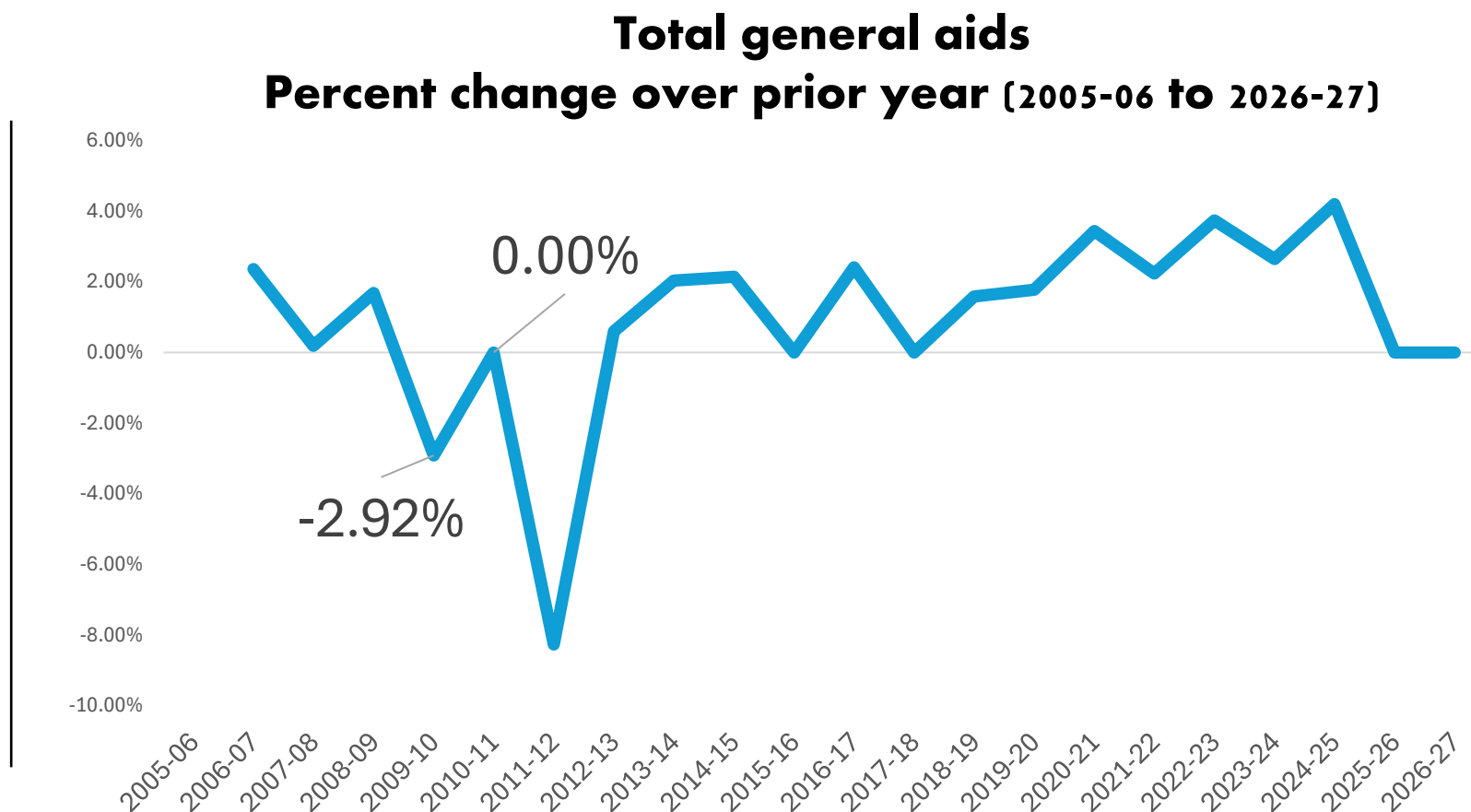
Key implications

- Entire \$325 per pupil revenue limit increase will be borne by property taxpayers
- Impacts for 2025-26 over prior year based on October 2025 aid certification:
 - 111 districts: Received more general aid
 - 301 districts: Received less general aid
 - 9 districts: No change in aid
 - 88 districts estimated to see 15% less general aid – the maximum allowable under hold harmless law
 - Prior year, this applied to only 64 districts!
- Governor Evers points out that “Republican legislative leaders declined to make property tax relief a part of the discussion, **focusing instead on income taxes.**”

2025-27 State Budget Equalization aid

NO INCREASE in equalization aid

- Governor's request: \$1.19 billion



Key implication: Extremely unusual, especially when state budget has surplus

- Last instance of flat or negative general aids across both years of biennial budget:
 - 2009-11 budget (-2.92% in 2009-10, 0% in 2010-11)
 - At that time: State budget was facing a deficit, not a \$4.3 billion surplus!

Revenue limit: A brief history

Enacted in 1993-94

Locks districts into relative spending levels from 30 years ago

Each district has a *different limit* – with *highest limit more than double lowest*



Arbitrary: Not tied to student need or costs to schools

How much has changed in school district's in 30 years?



Revenue limit and operating referendums

Revenue limits - Originally intended to limit property taxes

Referendums allowed as last vestige of local control on school funding - relief valve

Indexed to inflation until 2009-10

Since then, resources for schools have fallen behind basic operating costs

One of last resorts for schools:

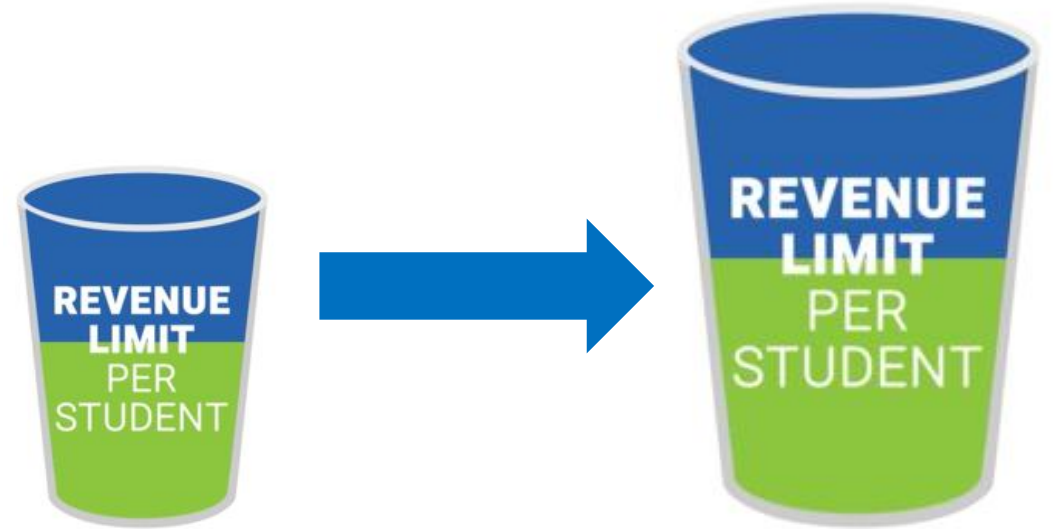
Ask voters to **raise limit through referendum** – a growing practice statewide but not feasible for all districts



Two types of referendum ballot questions

Operating: Enlarges revenue limit authority

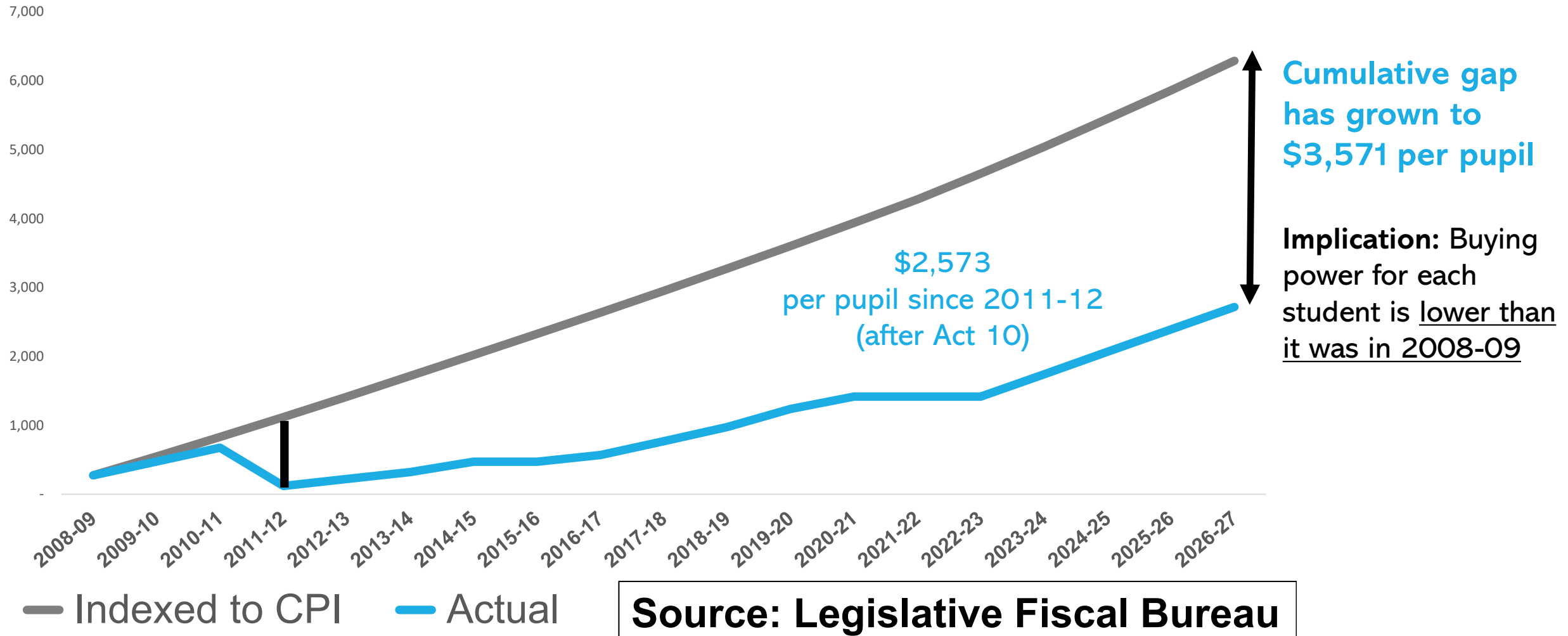
- Nonrecurring - Temporary
 - Recurring - Permanent
-



Issue debt: For capital/facilities



Cumulative annual adjustments in general **school district** **revenues per pupil** lag inflation by nearly \$3,600 since 2009



Class of 2027 will be the 5th class of seniors to graduate without any inflationary increase in the revenue limits

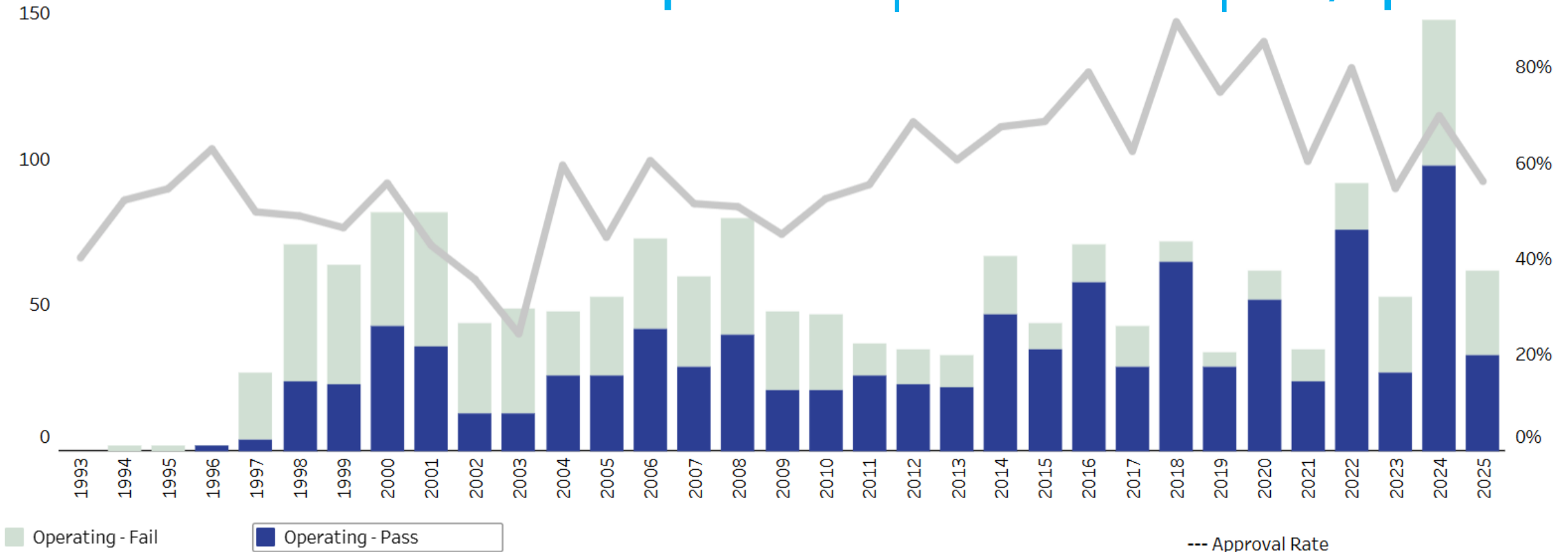
Selected years	Class of 2027 Grade	Change in general revenues per pupil	Amount behind inflation (cumulative, per pupil)	National spending ranking (Census)	Context Notes
2009-10		\$200.00	-\$75	17th	1 st year revenue limits were detached from inflation
2010-11		\$200.00	-\$156	17th	State raised proficiency cut scores; Act 10
2011-12		-\$554.00	-\$998	21st	Revenue limits cut/state aid cut in 2011-13 budget
2013-14	4K	\$100.00	-\$1,395	21st	Statewide voucher program began
2019-20	5th	\$263.00	-\$2,365	25th	COVID-19 global pandemic hits
2020-21	6th	\$179.00	-\$2,520	25th	Inflation starts to soar
2021-22	7th	\$0.00	-\$2,863	25th	Revenue limits are frozen, no increases for two years
2022-23	8th	\$0.00	-\$3,235	26th	2nd year of frozen revenue limits; inflation hits 8%
2023-24	9th	\$325.00	-\$3,300	n/a	"400 year veto": \$325 pp revenue limit passed (for foreseeable future)
2024-25	10th	\$325.00	-\$3,380	n/a	New record number of operating referendums (148)
2025-26	11th	\$325.00	-\$3,469	n/a	2025-27 state budget contained ZERO increase in general aids
2026-27	12th	\$325.00	-\$3,571	n/a	Graduation! Voucher enrollment caps abolished

Operating referendums: 1993 to 2025

62 operating referendums in 2025 (53% passed): Most in an odd-numbered year since 2001

Total number of operating referendums held (left y-axis) versus approval rate (gray line) of ALL referendums, including capital (right y-axis)

2024 holds record: 148 questions | 131 districts | 65% passed



Operating referendums so far in 2026 (April 7 ballots)

63 questions
(37 or 58.7% passed)

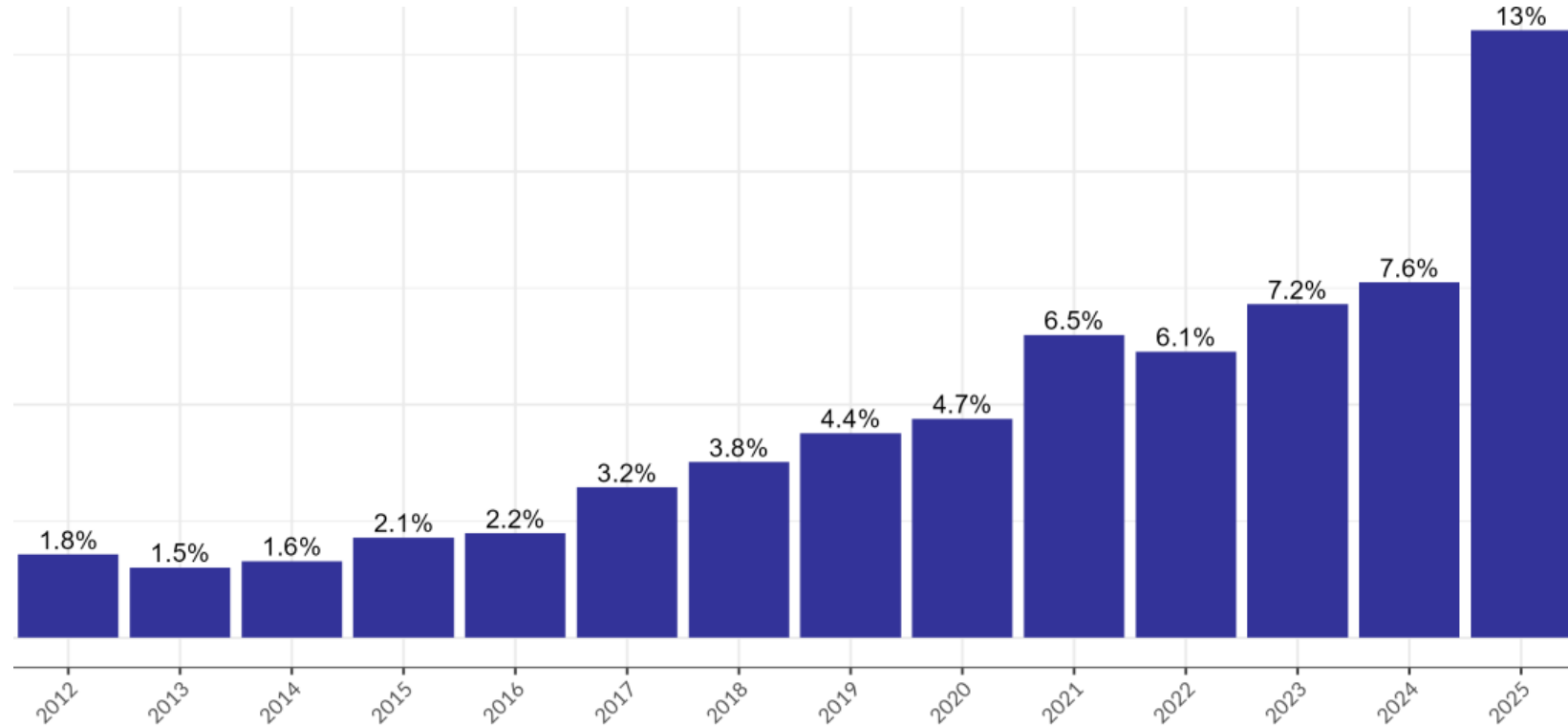
(68 in spring 2024)

Trend to watch:

Will 2026 break a record
or has referendum
fatigue set in?

Percent of school tax levies attributable to operating referendums (2012 to 2025)

Rose from 1.8% in 2012 to 13% in 2025



Revenue limits have been around for 30 years....

Why is it such a major area of concern now?

Two main reasons:

- They have not been allowed to keep pace with inflation
- Demographic forces have been (and will continue) shrinking enrollment



Categorical aids

Not subject to the revenue limit (provides additional resources to districts)

Two largest categorical aids:

- Per pupil aid
- Special education aid



Per pupil aid (began 2012-13)

- Functions like revenue limit but provides flat per pupil general spending authority
- Helps higher property wealth districts (which benefit less from revenue limit/equalization aid increases)



Special education aid

- Reimburses for a portion of mandated special education costs
- 2024-25: 30.6%
- Remainder comes out of district's general fund (capped by revenue limit)

Two ways state budget funds categorical aids



Sum certain

- A specific amount that cannot be exceeded (except by legislative action)
- Example: Current special education categorical aids – a reimbursement level cannot be guaranteed because costs are unknown, but the dollars available are set



Sum sufficient

- Unlimited – allows spending at whatever amounts are needed to fund a program
- Examples: Per pupil categorical aids, voucher programs

Students with disabilities

2024-25

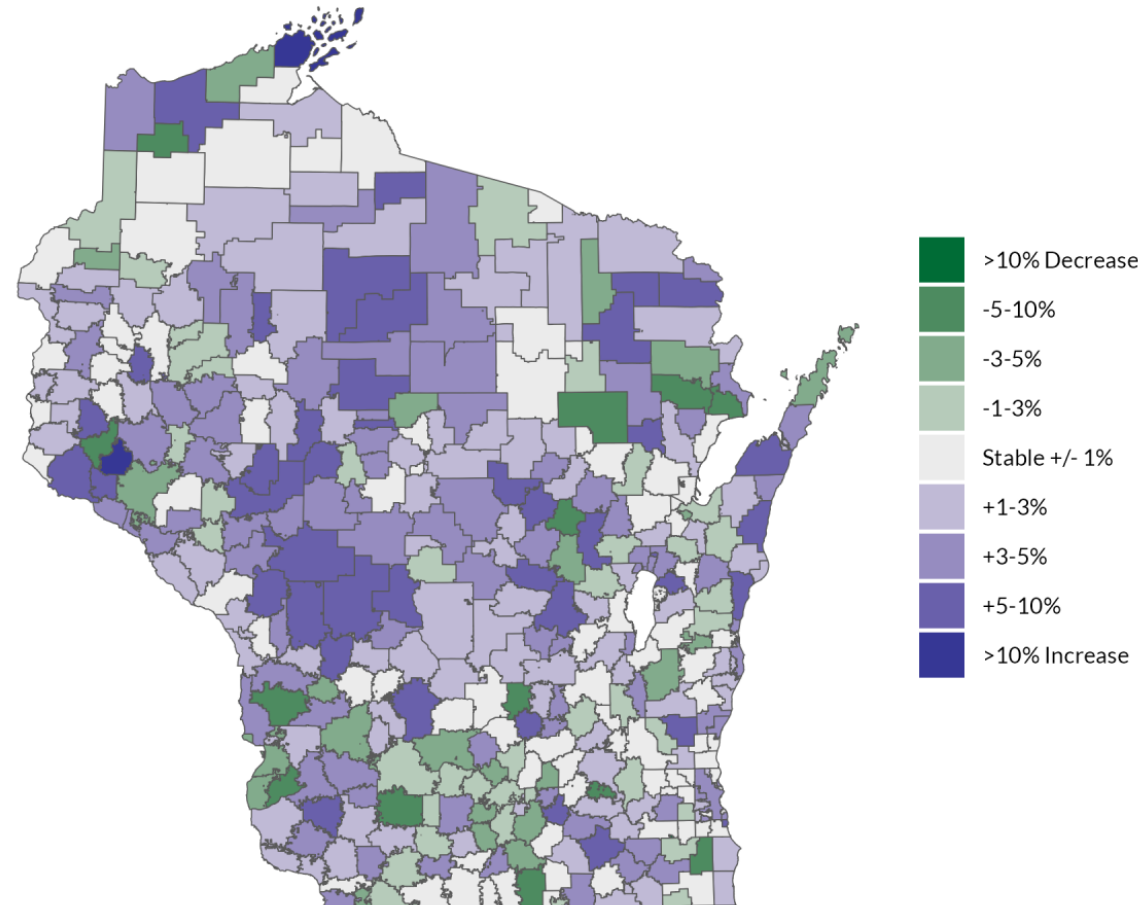
2024-25 reimbursement
rate for mandated
special education:
30.6%

Most districts have at
least 13% SwDs

On average districts
have 15.7% SwDs

Share of students with disabilities has grown in the majority of districts

Students with Disabilities as Share of Total Students
Percentage Point Change from 2005-06 to 2023-24

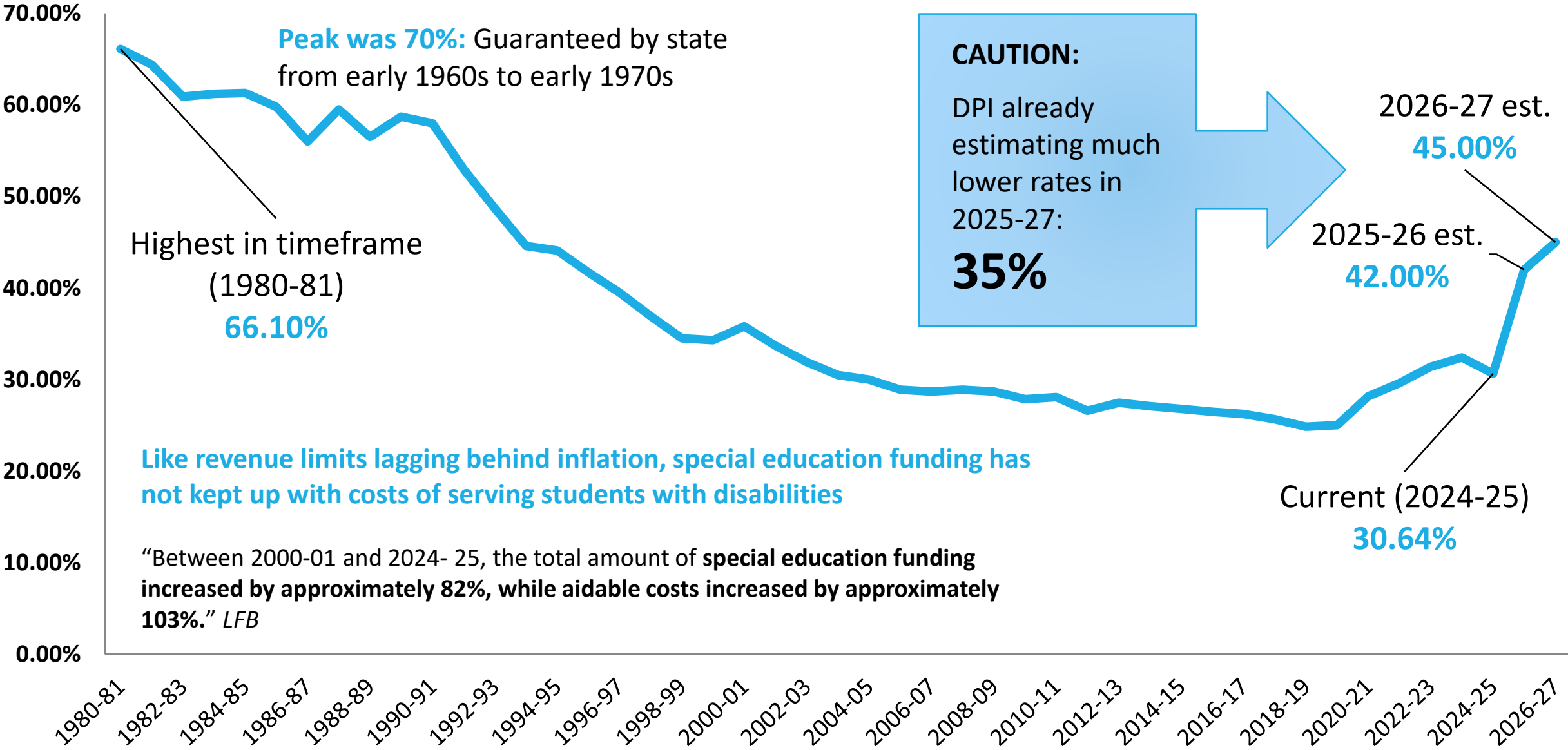


Note:

Enrollment
projected to
INCREASE by
6% by
2029-30



Primary special education aid reimbursement rates: 1980-81 to 2026-27



Higher special education aid rate is win-win-win

- ✓ Ensures more robust supports for students with disabilities
- ✓ Preserves resources for core educational program (could mitigate need for special ed services)
- ✓ Lowers district dependence on operating referendums

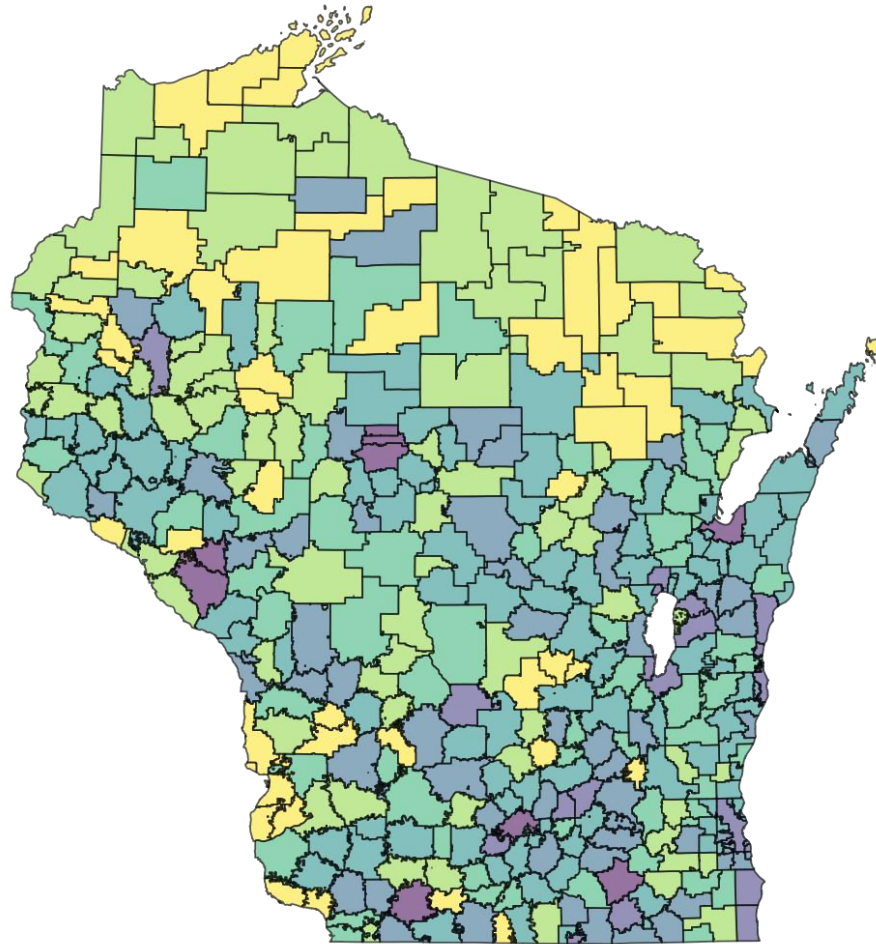
English learners

2024-25

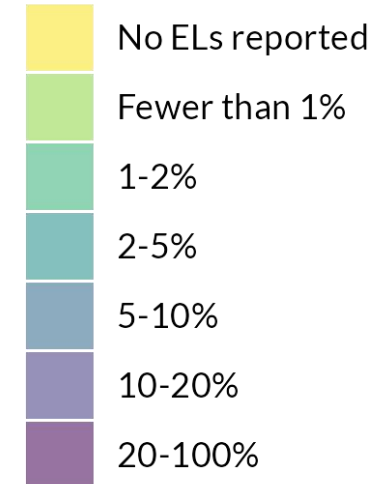
No dedicated aid for all ELs

365 districts (86.7%) enroll ELs

Only **58 districts** get Bilingual Bicultural Aid
Reimbursement rate:
7.92%



English Learners



Note:

Enrollment projected to **INCREASE** by 10% by 2029-30

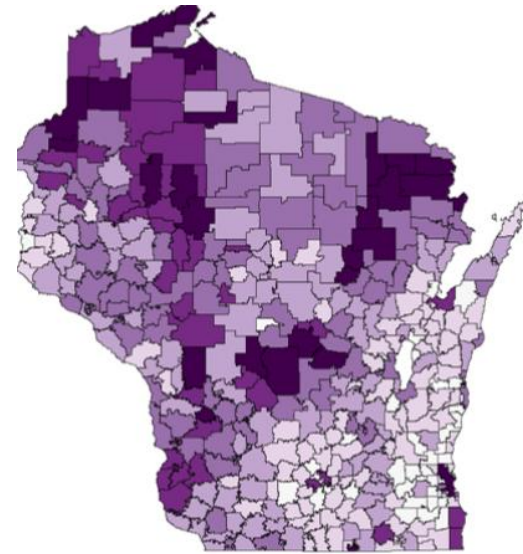
Economically disadvantaged students: 2024-25

About 1 in 5 districts has a majority of students who are economically disadvantaged

Federal funds support some of the needs of these students

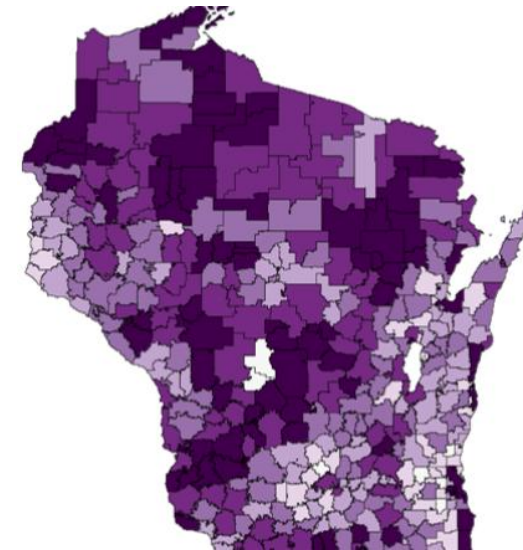
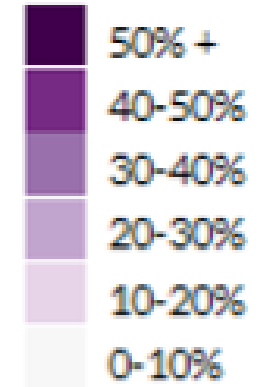
No dedicated state funding source

Poverty is growing in Wisconsin



2006-07

Percent of economically disadvantaged students



2024-25

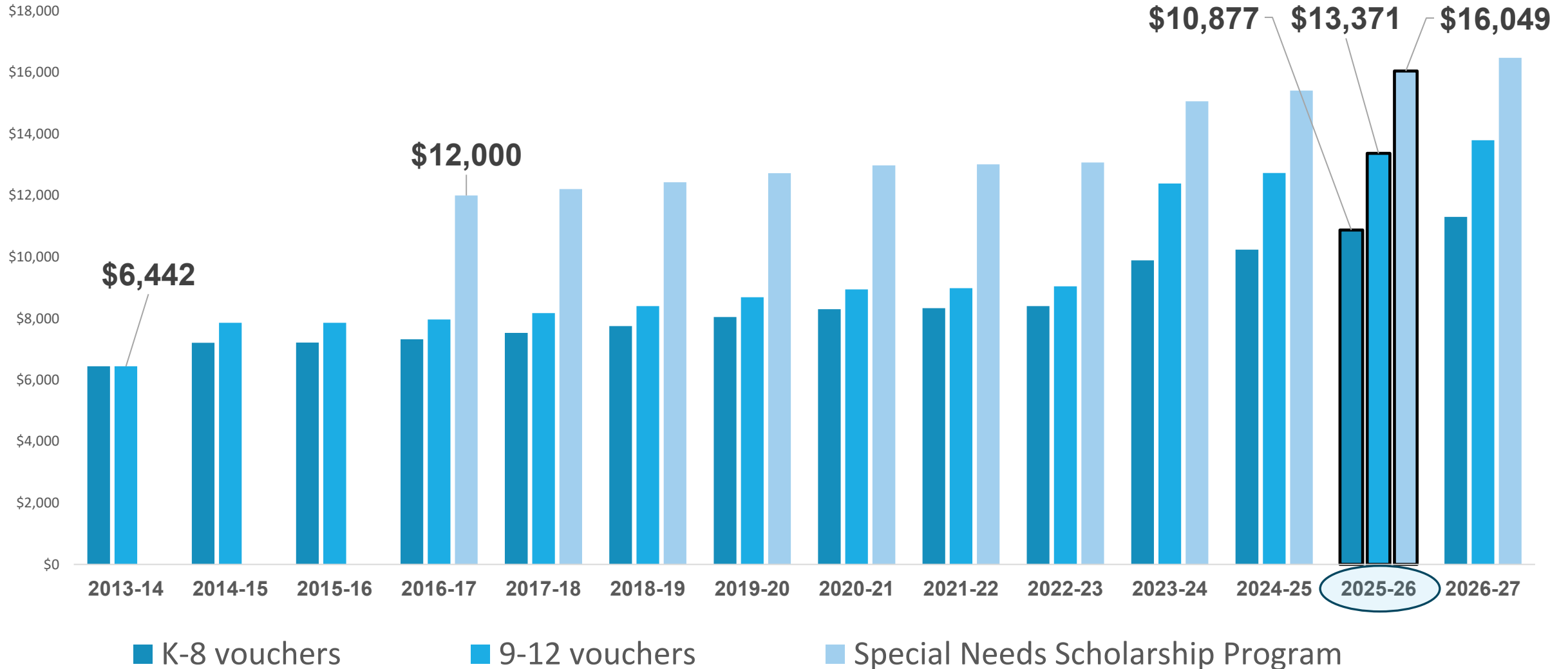
Note:

Enrollment projected to **DECREASE** by 6% by 2029-30



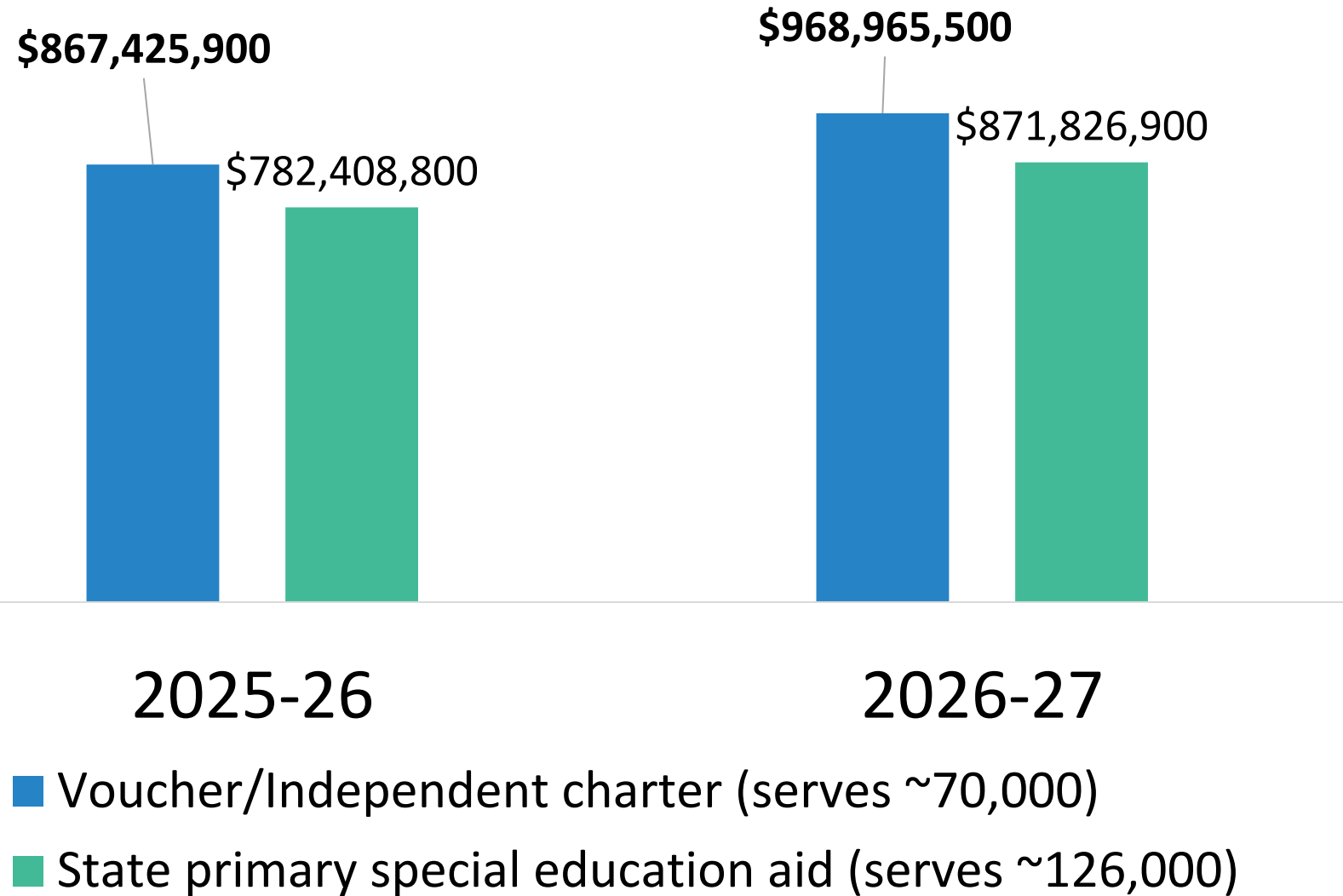
Wisconsin voucher programs

Per-pupil payments: 2013-14 to 2026-27



**Voucher/
Independent charter
Estimated costs
(2025-27 state budget)**

For perspective – compare
with primary special
education costs

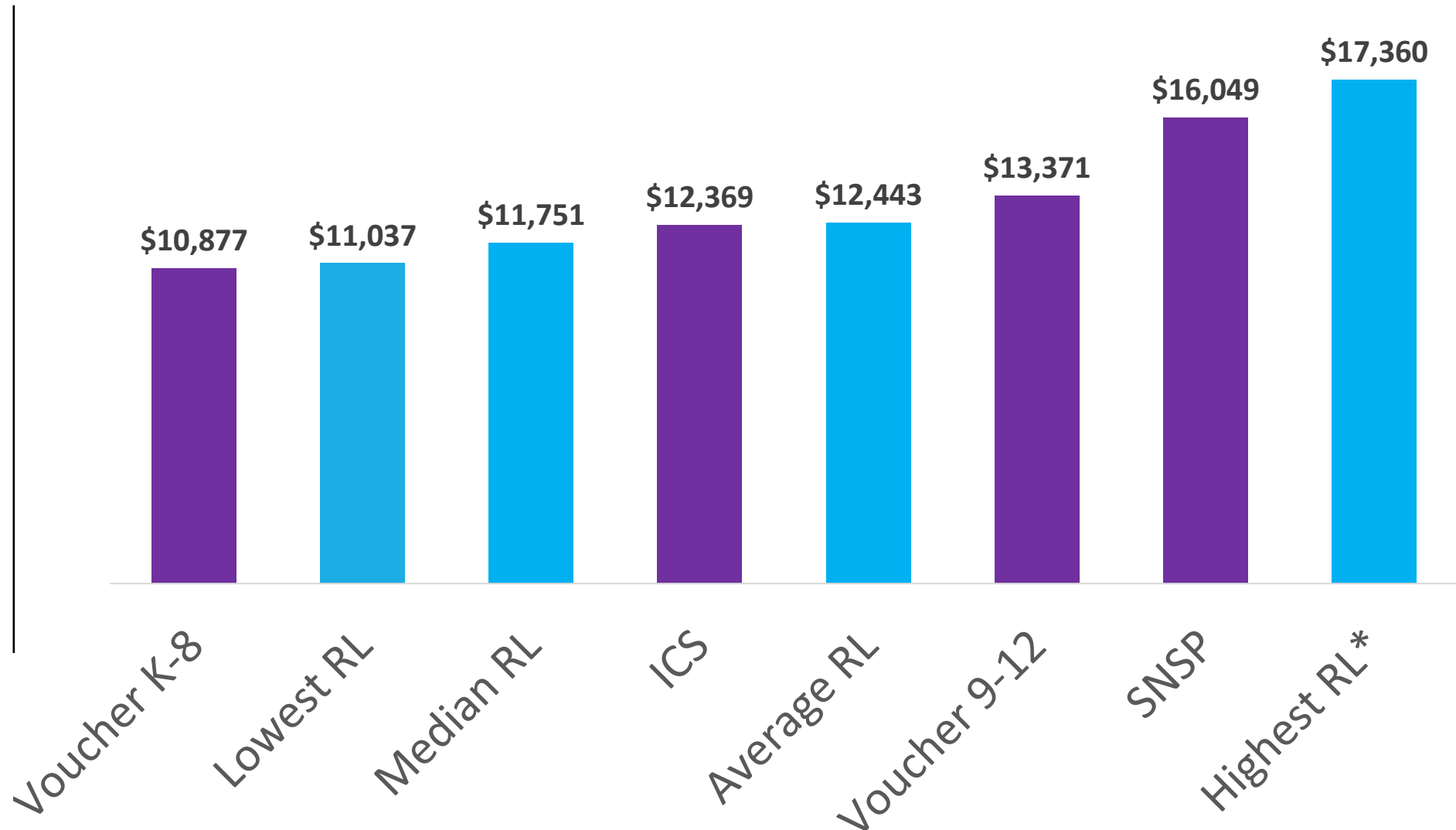


Selected per pupil funding levels (2025-26)

Per pupil payments for voucher and charter schools are already higher than many school district revenue limits

Note: “RL” refers to 2025-26 revenue limit per pupil before any exemptions

*99% of districts’ RLs are lower than \$18,000





School finance mechanics in context

Implications of current and past state education budgets on school district finance statewide

Declining Enrollment:

Under WI revenue limit formula:

**Reduces resources
faster than costs**

73% of districts are in declining enrollment in 2023-24 (55% in 2006-07)

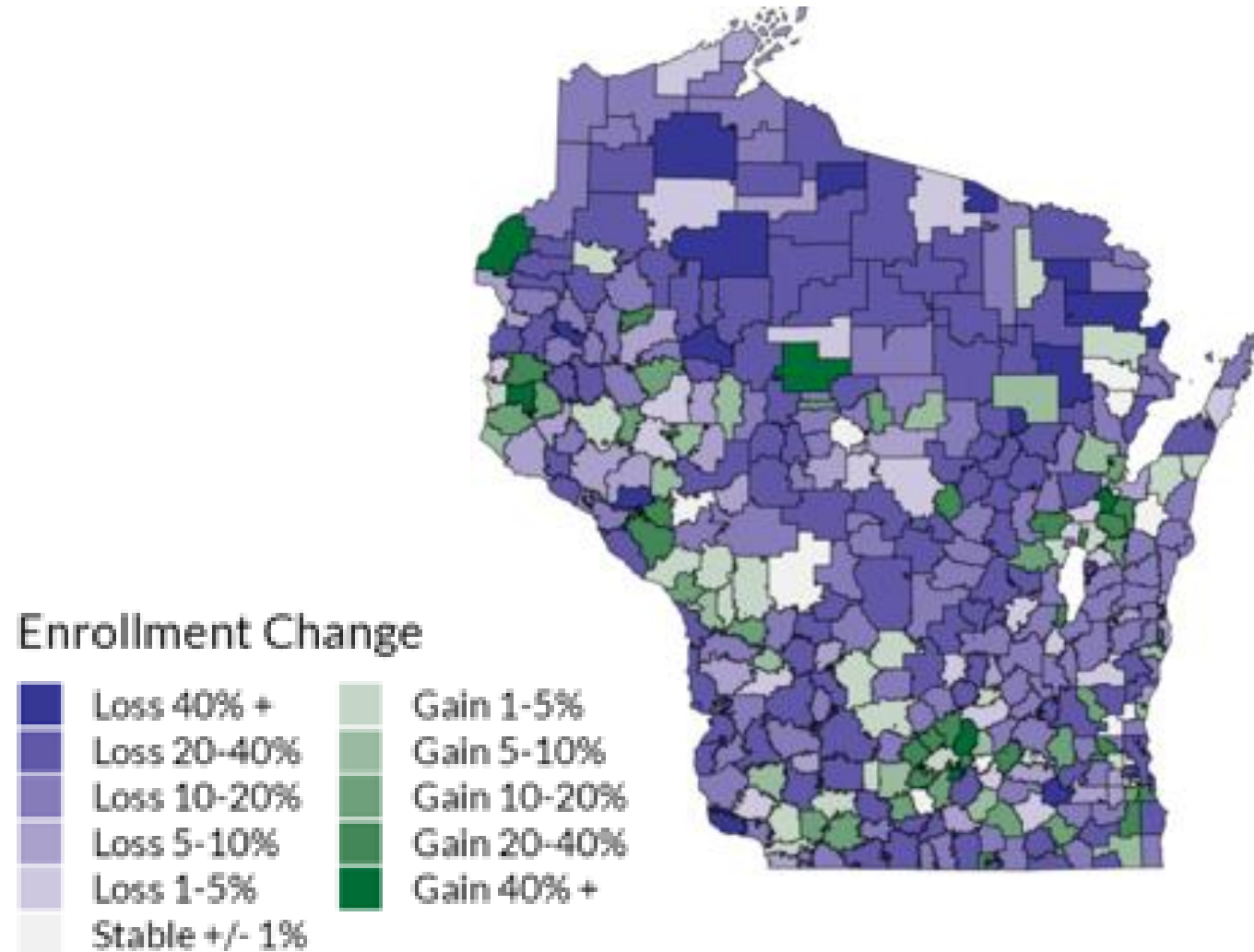
75% of students are located in just 30% of districts



**Challenge: Explaining
districts resource needs
amid enrollment declines**

Percentage change in enrollment

2005-06 to 2024-25



Public school enrollment projections (4K-12)

Projected enrollment DECREASE:

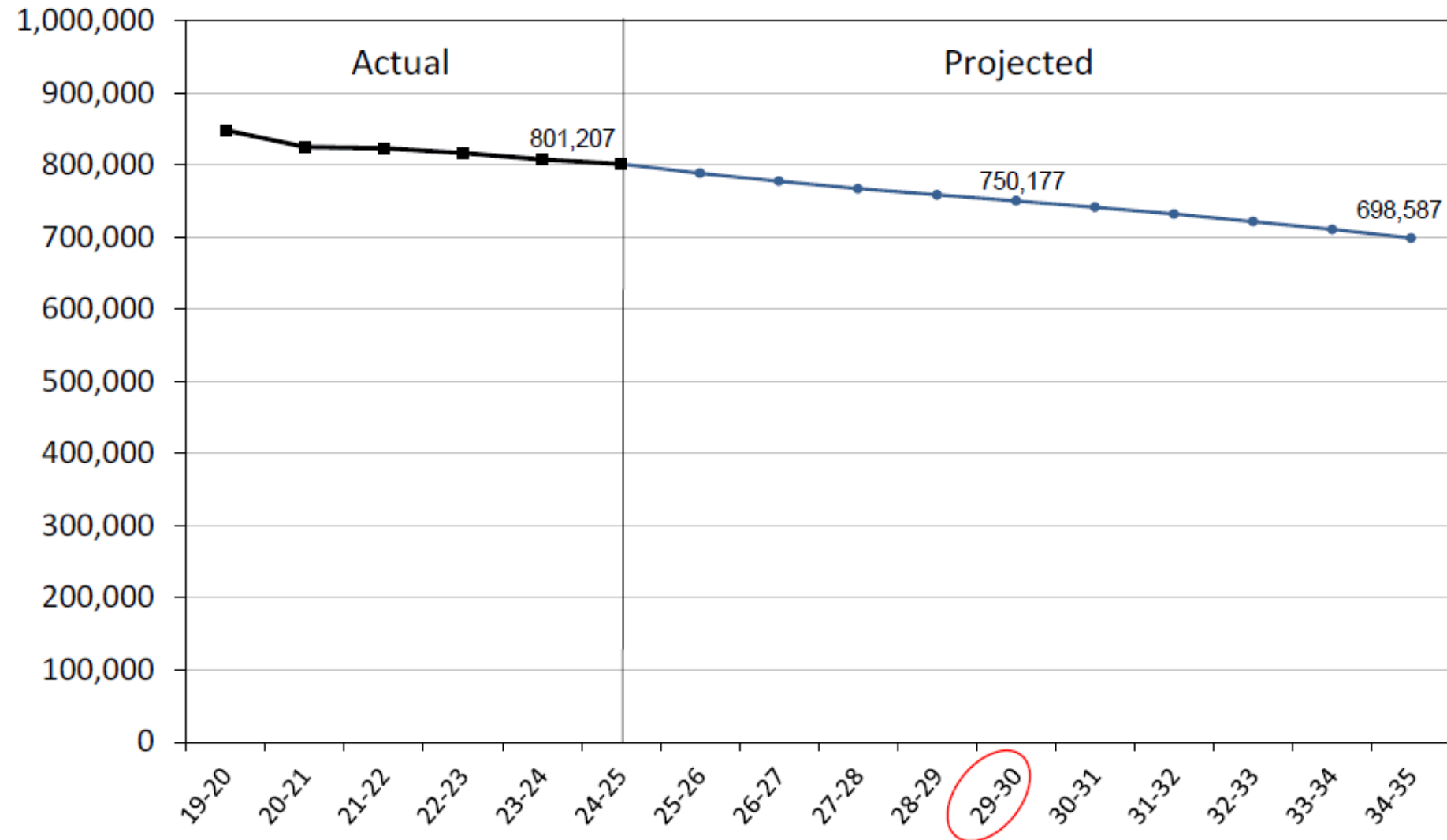
6% by 2029-30

All grade groupings to decline:

K-5 by 9%

6-8 by 2%

9-12 by 6%



**Implications of
selected
enrollment
projections:**

**District
enrollments
will comprise
more and more
high needs
students**

Projected enrollment changes by 2029-30

Overall enrollment: -6%

Economically disadvantaged: -6%

Students with disabilities: +6% (+2 point in share)

English Learners: +10% (+1 point in share)

Major implications for school finance, availability of resources

Growing share of district budgets will be allocated to serving highest need students



Key takeaway

The primary source of fiscal crisis for school districts is state school finance policy...

not declining enrollment by itself

Declining enrollment exacerbates but is not the cause of structural funding challenges school districts face, most notably:

- Revenue limits that do not keep up with inflation
- Underfunded special education and English Learner funding
- No poverty funding
- Voucher funding policies that divert resources away from public schools

Under current state policy: **enrollment declines** eventually will (and already have in some cases) **reduce revenue limit authority** to well below the current costs to run districts

State policy provides extremely limited supports for costs associated restructuring operations and facilities to adapt to declining enrollment

**Even amid declining enrollment,
Wisconsin's ranking has fallen
relative to the nation on per pupil
spending on K-12 education**

11th in 2002

11% above national average

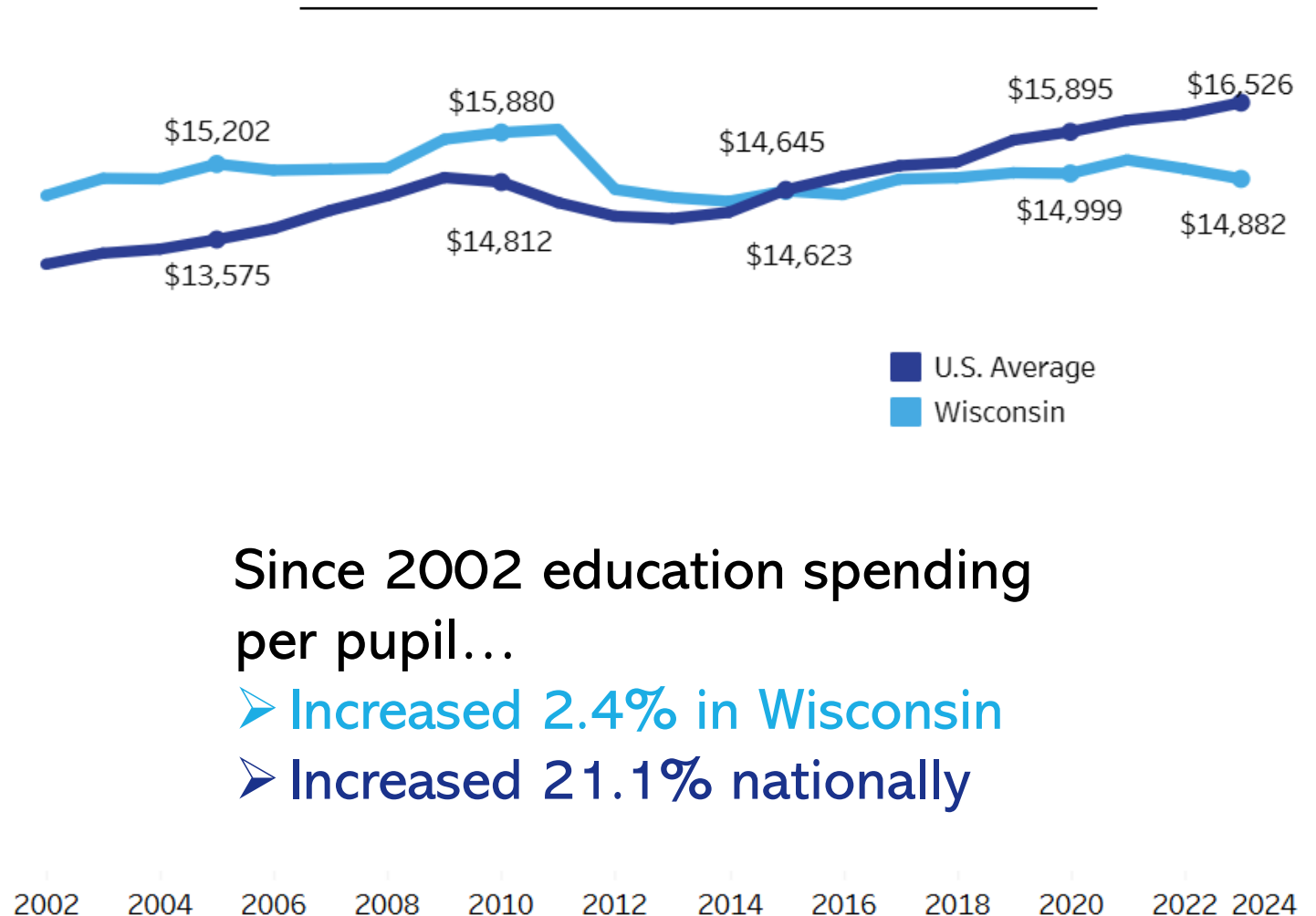


26th in 2023

9.9% below national average

- Even this ranking is precarious – rests on accelerating growth in the use of operating referendums
- How far is state willing to fall?

**Per-pupil spending on K-12 education
(2023 dollars)**



Since 2002 education spending
per pupil...

- Increased 2.4% in Wisconsin
- Increased 21.1% nationally

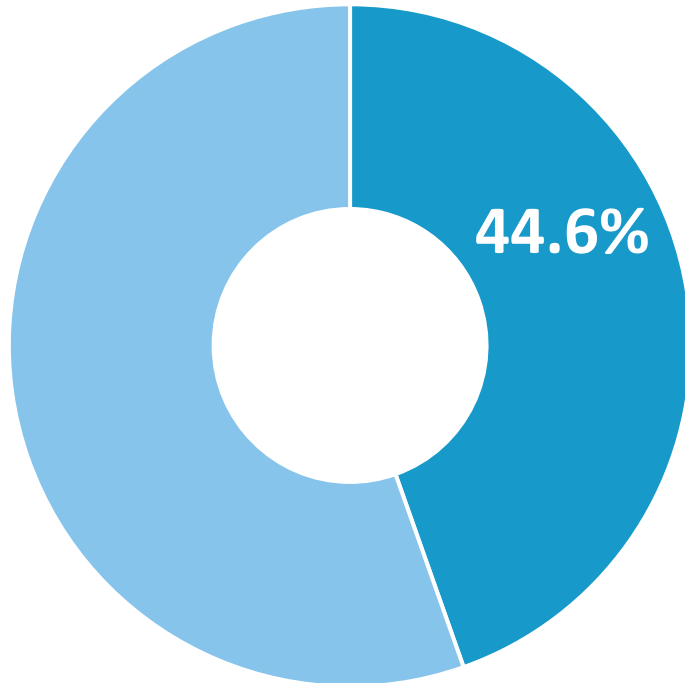
Source: U.S. Census Bureau

Education has fallen as a state budget priority

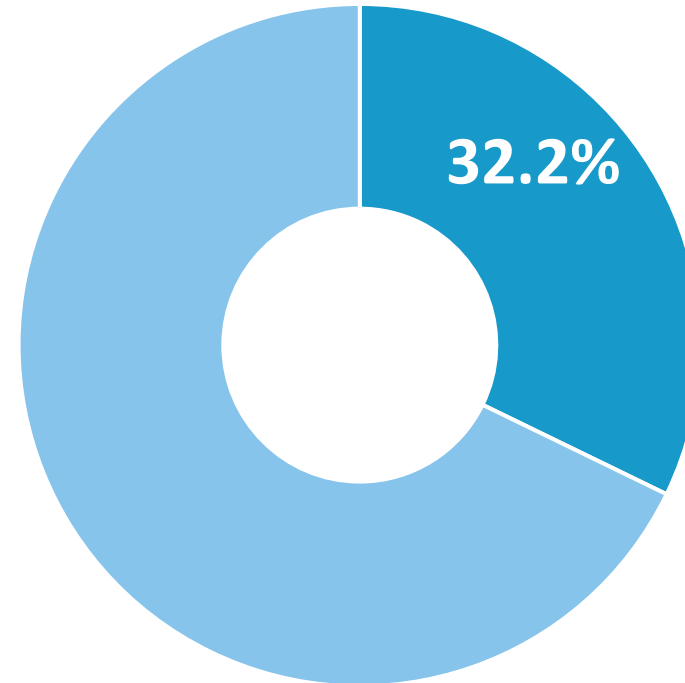
K-12 school aids as a share of state GPR

2004

(peak going back to 1995)



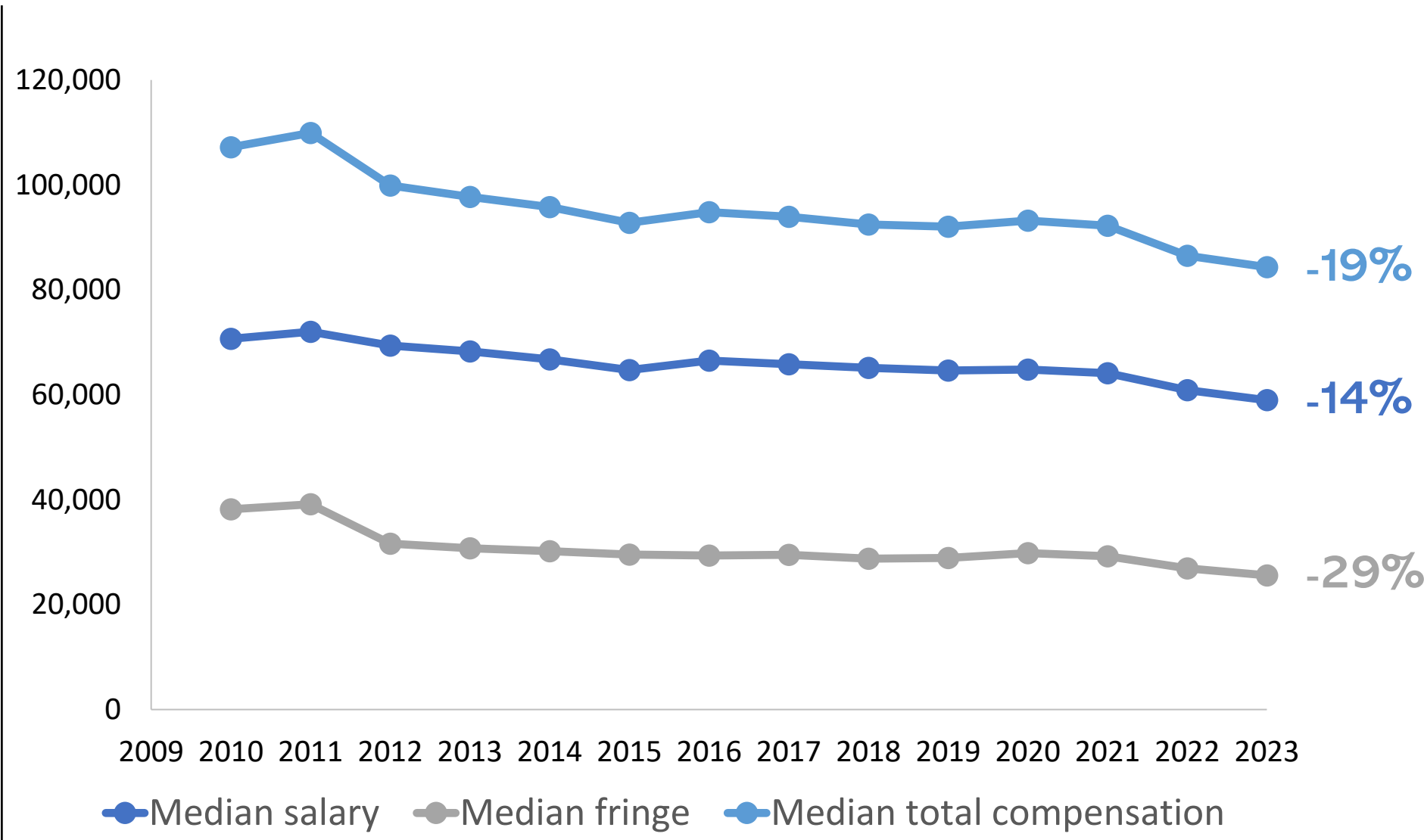
2024



Educator Workforce

Median teacher compensation has fallen by 19% since 2010

Wisconsin teacher compensation trends (2023 dollars)



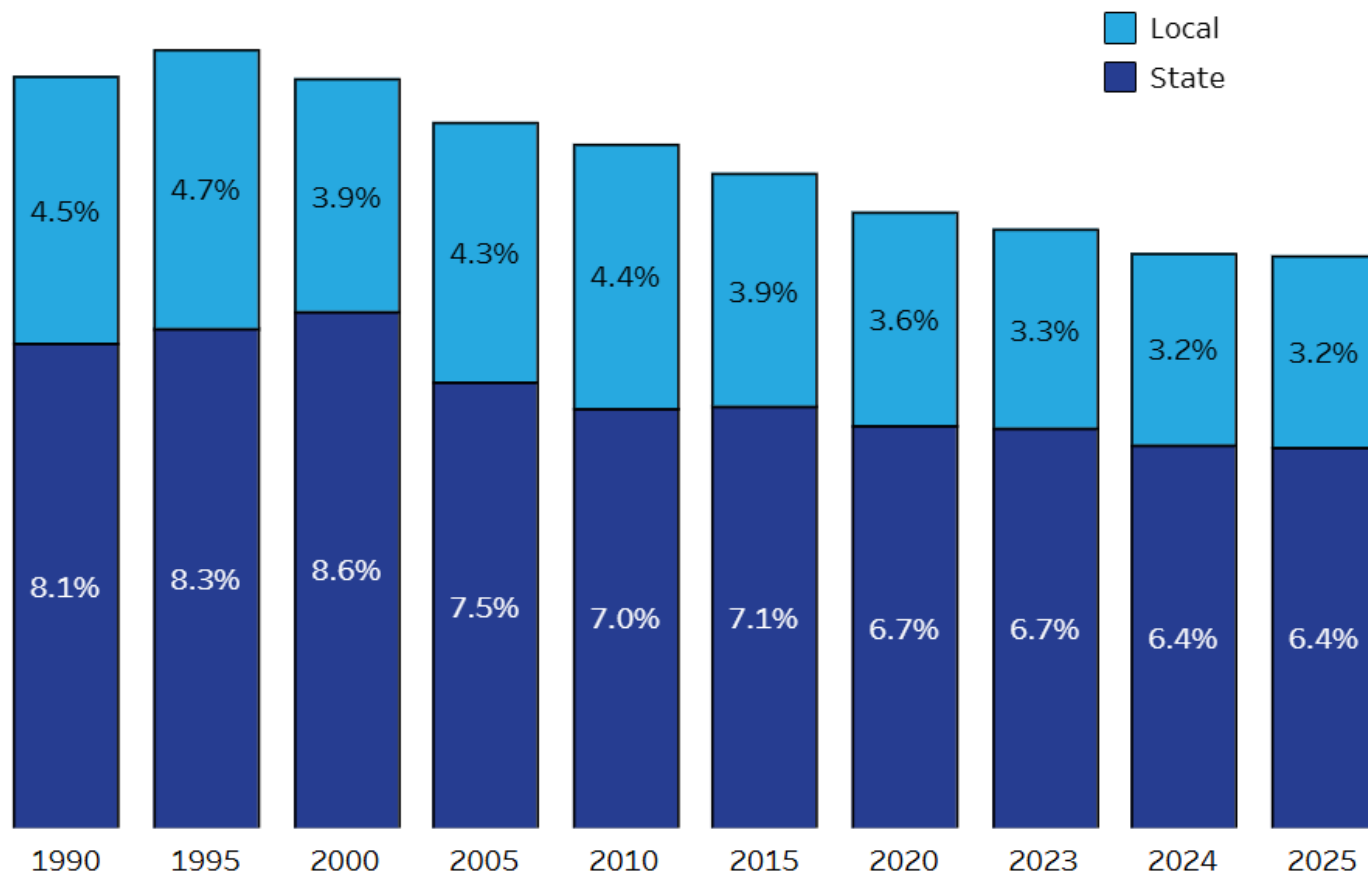
Wisconsin's state and local **tax burden** at **ALL TIME Low**

This is DESPITE upward pressure from sales taxes and local referendums

Income tax cuts enacted in 2025-27 budget could lower tax burden even further

There's a tradeoff: This is made possible, largely, by spending less than other states on K-12 education

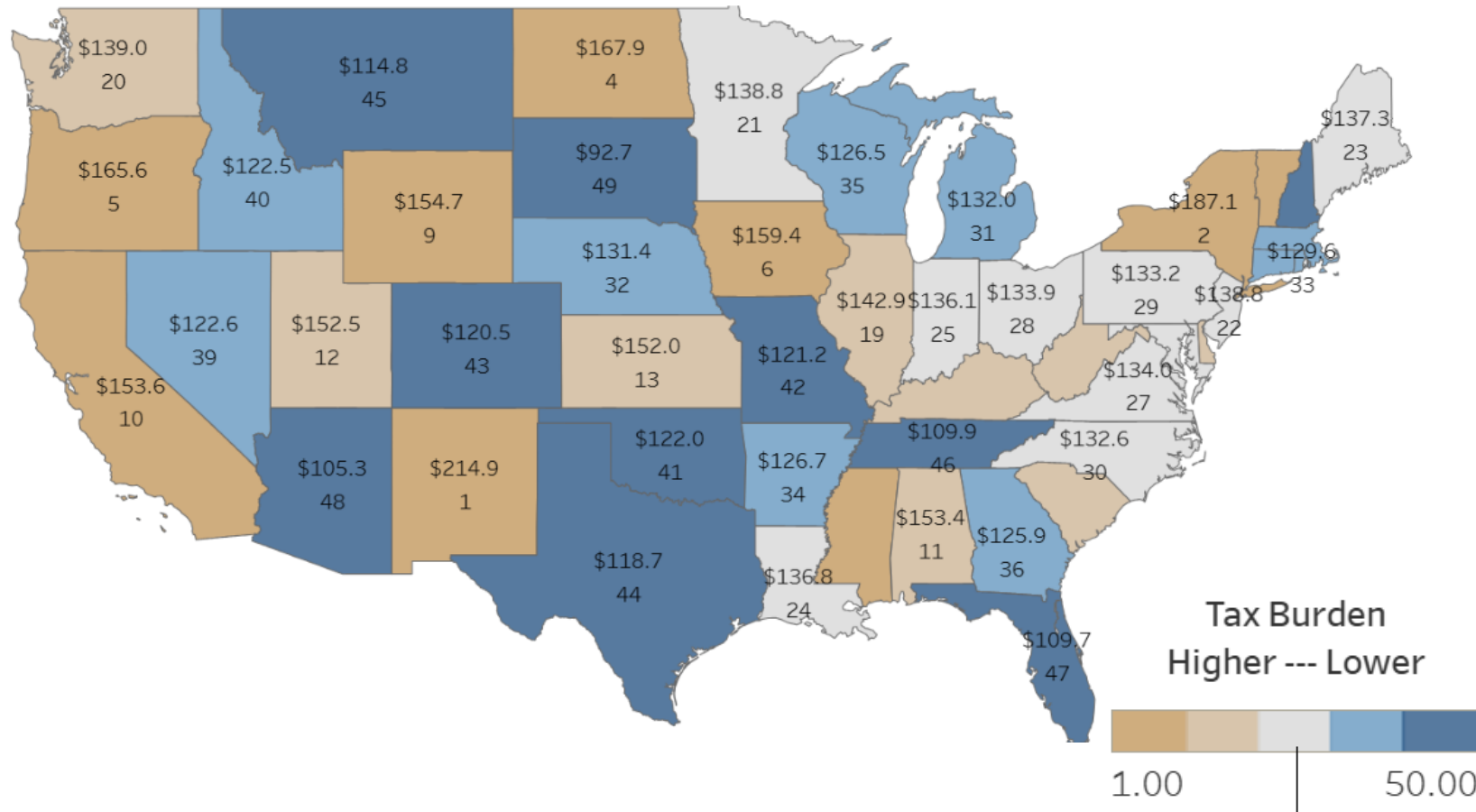
State, local taxes as a share of personal income (Fall 2025)



Sources: Compiled by the Wisconsin Policy Forum using published and unpublished information from state Departments of Revenue, Administration, Workforce Development, Natural Resources, and Transportation; U.S. Internal Revenue Services and Office of Management and Budget. *Federal 2025 tax burden is estimated.

Wisconsin's state and local **tax burden** is lowest among neighboring states

State and local revenues per \$1,000 of personal income: **Taxes and fees** in 2022-23



Wisconsin: \$126.5
(Rank: 35)

Michigan: 132.0 (Rank 32)

Minnesota: \$138.8 (Rank 21)

Illinois: \$142.9 (Rank 19)

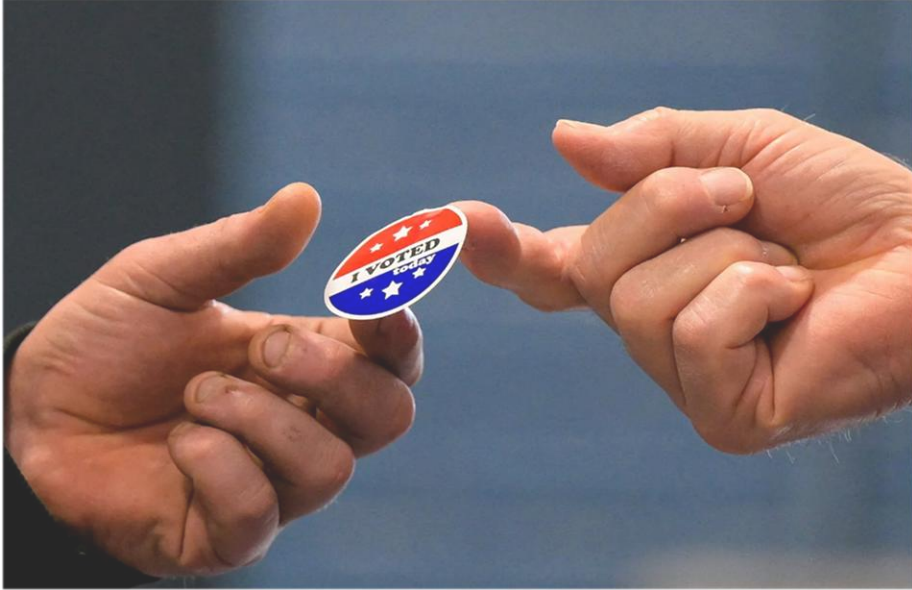
Iowa: \$159.4 (Rank 6)

Indicators to watch

Factors on the horizon that could affect school finance

Election factors:

2026 is a big year



School districts can go to referendum on any of the 4 election dates (75 ballot questions already in April)

February 17: Spring primary

- School board races

April 7: Spring general election for nonpartisan offices

- State Supreme Court election of Chris Taylor expanded liberal majority to 5:2 (which is now secure until at least 2030)
- Act 10 could come before the new court

August 11: Fall Primary:

November 3: Fall general election – will decide

- Party in control of both U.S. House and Senate
- Governor (1st with no incumbent since 2010)
- Party in control of state Assembly and Senate in 2027 – could shift to Democrats for first time since 2011
- Democrats would need to flip:
 - 2 seats in Senate
 - 5 seats in Assembly

School funding lawsuit: Wisconsin PTA, et.al. V. Wisconsin Assembly

EDUCATION

Green Bay and other WI school districts sue state Legislature over funding system

Kayla Huynh and Nadia Scharf Milwaukee Journal Sentinel

Feb. 24, 2026 | Updated Feb. 25, 2026, 7:33 a.m. CT

First challenge to the constitutionality of Wisconsin's school finance system since 2000

Lawsuit claims: Wisconsin's school finance system violates the constitution because it fails to provide adequate resources for school district to provide every child an equal opportunity to a sound basic education which is a fundamental right under Wisconsin's Constitution.

Plaintiffs: 5 school districts (plus teachers, taxpayers, students, board members, local education unions in those communities)

- Adams Friendship
- Beloit
- Eau Claire
- Green Bay
- Necedah

Defendants: Assembly, Senate, Leaders of both houses, each member of the Joint Finance Committee

Where does all of this point us?



Education is a state, local, and federal partnership, but...

- State controls most resources for schools
- Increasingly, state and federal government have prioritized voucher/charter schools and income tax cuts
- Shifts state's responsibility for education costs onto local property taxpayers – creates uncertainty and inadequate resources
- Last vestige of local control: referendums (not designed that way; districts do not want to have to go to referendum)
- Until state policymakers take action to fix the fiscal conditions, referendums will remain an essential tool for schools to meet the needs of their students

Local voices have power

- Key pressure point for legislators and other policymakers at both state and federal level: constituent and stakeholder voices!
- School leaders play a critical role – **Explain impacts of policymaker decisions with data and stories**

Thank
you

Wisconsin Association of School Business Officials

Contact Us

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